EXHIBIT 2
DATE 3/9/11
HB 472

9 March 2011

To the House Taxation committee, re: HB 472

The idea of a tax on consumption is not new, in fact, Alexander Hamilton wrote about it in The Federalist Paper #21:

"Imposts, excises, and, in general, all duties upon articles of consumption, may be compared to a fluid, which will, in time, find its level with the means of paying them. The amount to be contributed by each citizen will in a degree be at his own option, and can be regulated by an attention to his resources. The rich may be extravagant, the poor can be frugal; and private oppression may always be avoided by a judicious selection of objects proper for such impositions. ... It is a signal advantage of taxes on articles of consumption, that they contain in their own nature a security against excess. They prescribe their own limit; which cannot be exceeded without defeating the end proposed, that is, an extension of the revenue. When applied to this object, the saying is as just as it is witty, that, "in political arithmetic, two and two do not always make four." If duties are too high, they lessen the consumption; the collection is eluded; and the product to the treasury is not so great as when they are confined within proper and moderate bounds. This forms a complete barrier against any material oppression of the citizens by taxes of this class, and is itself a natural limitation of the power of imposing them."

Dick Wells, Thompson Falls, Montana

For HB 472 Property Tax Reform Study Committee consideration

PROSPERITY TAX

So called, because it is on things; we evidence prosperity when we buy things. It does not impact those things upon which prosperity depends: willingness to work, industry, skill, talent, knowledge, creativity and productivity, all those things that make profitability possible are untaxed, including wages, homes and means of livelihood. Ubiquitous and uniform, the tax makes no distinction between goods, or between sellers of goods, it is the same for all goods. Nothing is exempt as long as it is identifiable as a new product. New goods become taxable upon entering commerce. The tax is uniform and ubiquitous, therefore remains at a low rate.

Agents within Government collect all the revenue and taxes. In general, the tax is most like the excise taxes already in practice, manifested as a stamp tax, though it isn't necessarily limited to that mode. This tax mode ties Government directly to the People's prosperity, thereby establishing a reason for Government to seek their prosperity first.

All the audits are confined to Government because it collects all the money. Finally, it frees the People from the necessity of making collections, records and reports thereby eliminating the consequence of ever questioning their honesty.

This plan will provide all the tax dollars government needs, since everything we do in commerce and industry translates into money spent on consumer goods; and nothing is done in either commerce or industry that is not predicated in some way by the consumption of goods. Who will prefer our present tax mode, with its failures and repugnant characteristics, to this new mode free of threats and compelled performance? Who will favor growing government over reducing it? How much longer will Montana stifle economic health and property improvements?

GOALS FOR TAX REFORM PLAN

1. Restore the Constitution-secured Right to own property per MT Constitution Art. II sec. 3
2. Eliminate the threat of confiscation.
3. Cut the cost of government.
4. Reduce the size of government.
5. Eliminate the intrusiveness of taxation.
6. Simplify the process while increasing cost effectiveness.
7. Make taxation avoidable, while not inviting evasion.
8. Confine audits to those within government (corporations are creatures of government).
9. All taxes and revenues are to be collected within government.
10. Eliminate record keeping and reporting by people.
11. Eliminate taxes on wages, labor or other property of people.
12. No refunds.
13. No special interests being served; no exceptions, exemptions or loopholes.
14. No tax levied on exports, stumpage, used goods or services.
15. Tax on consumption levied as an excise, no Sales Tax allowed.
16. Tax on income as defined as coming from investments and occurring in commerce collected within government, i.e. financial institutions.

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